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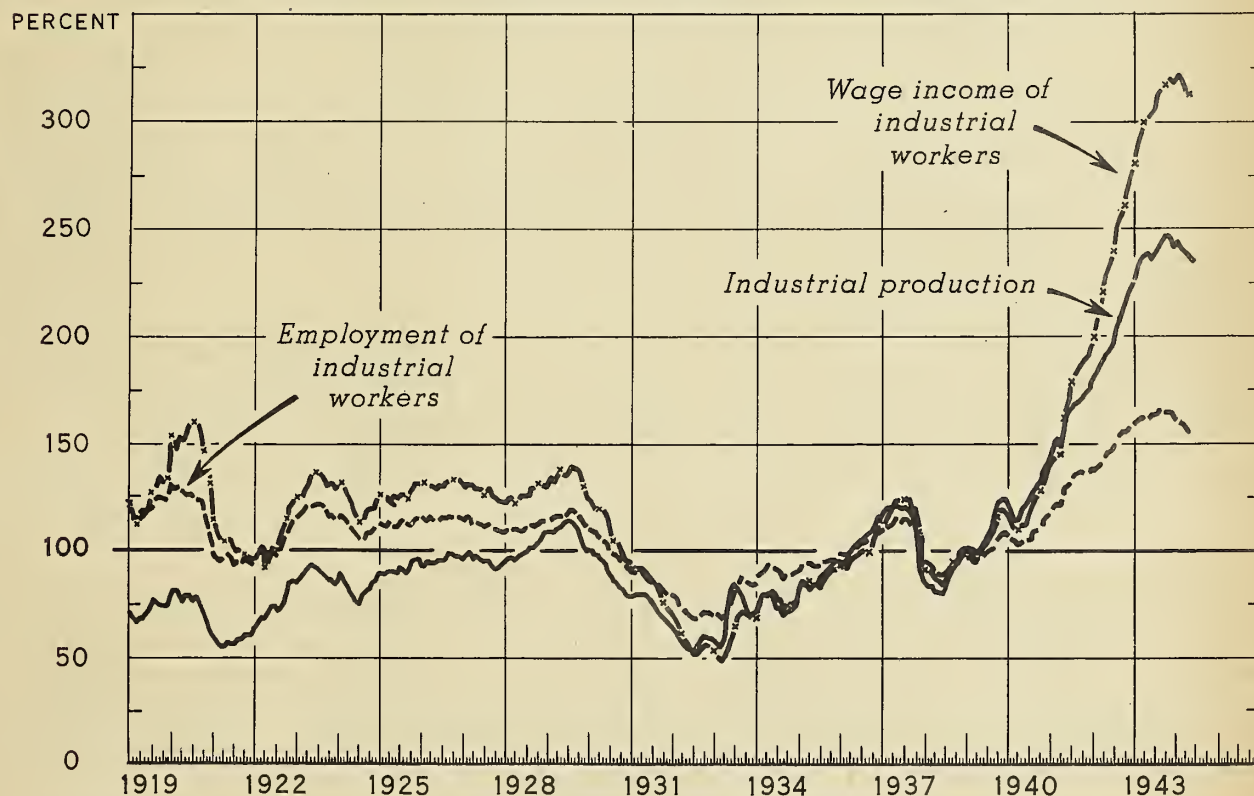
WASHINGTON, D. C.



AUGUST 1944

INDUSTRIAL PRODUCTION, EMPLOYMENT, AND WAGE INCOME, UNITED STATES, 1919-44

INDEX NUMBERS (1935-39=100) ADJUSTED FOR SEASONAL VARIATION



U. S. DEPARTMENT OF AGRICULTURE

NEG. 43837 BUREAU OF AGRICULTURAL ECONOMICS

Between 1938 and 1943, industrial production increased 164 percent, the wage income of industrial workers rose 235 percent, and the number of industrial workers increased 75 percent. This indicates that production per worker has increased somewhat more than 50 percent during the war, while the average wage income per worker has risen about 90 percent.

Between 1919 and 1938, industrial production increased 24 percent, but the number of industrial workers decreased 23 percent and their total wage income declined 27 percent.

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DEMAND FOR FARM PRODUCTS

There has been no significant change in recent months in business activity, and the demand for farm products is continuing at high wartime levels. No substantial change is likely as long as the war continues in both Europe and Asia.

The seasonally adjusted index of industrial production for June 1944 was 235. ^{1/} This is the fifth successive month for which the index has been lower than for the previous month. It is nearly 5 percent under the peak reached in November 1943. The decline of 2 points from May to June was entirely the result of a decline in the output of industries manufacturing durable goods. The index for these industries was 352 for June 1944, or 5 points under May. The largest declines from May to June in individual industries were in lumber and lumber products and iron and steel.

Present indications are that there was some further slight decline in industrial production in July. Both steel and bituminous coal production declined slightly from their June levels. Petroleum production remained about the same as in June.

Nonagricultural income payments for June 1944 increased slightly over the figure for May. The seasonally adjusted index for June was 227.4, which is the highest on record and is 5 percent above November 1943, when industrial production was greatest. Increases in nonagricultural labor income accounted for almost a third of the rise in total nonagricultural income payments. The seasonally adjusted index for labor income for June 1944 was 261.5. This is the highest ever recorded and is 5 percent above November 1943, the peak month for industrial production. It is not likely that nonagricultural income payments will increase much further if industrial production continues to decline.

^{1/} Federal Reserve Board, 1935-39 = 100.

Factory payrolls, in contrast to total nonagricultural labor income, have been declining slowly since November 1943. The index for May 1944 (the latest date available) was 318.3. ^{1/} This is 5 percent under the peak in November 1943. During this same period, factory payrolls per employed worker increased nearly 2 percent, the index for May being 208.9. The increase in payrolls per worker was largely the result of an increase in average hourly earnings, since the number of hours worked per week did not change materially.

The number of persons employed in nonagricultural establishments in June 1944 was 38,627,000. The number has remained very nearly constant since March, but is 3 percent lower than it was in November 1943. Most of the decline in employment in recent months has been in manufacturing where the number employed in June 1944 was 16,109,000. This is 6.5 percent less than the number working in November, and 3 percent less than in March 1944.

Retail trade during the first half of 1944 has been maintained at the highest level since 1941. The seasonally adjusted index of store sales for June 1944 was 171.1 ^{2/} -- 4 percent higher than for June of the previous year. For the first 6 months of 1944, retail sales were 8 percent above the corresponding period in 1943. The increased sales in 1944 are partly the result of higher retail prices, but increases in the physical volume and improvement in the quality of goods sold apparently accounted for more than half of the rise. The index of sales, after adjustment to eliminate the effect of price changes, for June 1944, was 126.0 -- nearly 3 percent above June 1943. The average for the first half of 1944 was 5 percent above the corresponding period of the previous year.

^{1/} Bureau of Labor Statistics, 1939 = 100.

^{2/} Department of Commerce, 1935-39 = 100.

CONSTRUCTION ACTIVITY

Activity in the construction industry reached a very high level in 1942 because of military needs, but has now declined to the lowest point since the middle of 1935. The seasonally adjusted index ^{1/} of construction contracts awarded was 31 for June 1944. This is the lowest figure since June 1935. However, except for the wartime expansion in 1941 and 1942, construction activity has been at a relatively low level ever since 1929. Much of the wartime construction will be of limited use in post-war years.

Because of this situation, there is certain to be a large shortage of buildings of various types when the war ends. The situation is likely to be similar to that existing at the close of World War I. There was a temporary spurt in construction in the last half of 1919 and the first part of 1920, followed by a considerable recession which lasted until early in 1921. Beginning at this point, there was a sustained rise in construction activity which lasted until early in 1926, after which the volume of construction remained fairly stable at a high level until 1929. The average index of contracts awarded for the years 1925-29 was 126.

It may take a year or more following the end of the present war before the necessary materials for a sizable increase in the amount of construction become available. Following that period, the demand for houses and other buildings should assure a rapid expansion in construction which may last for several years. If construction activity were to reach the average level of 1925-29, the annual cost of new construction would be approximately double the average for 1935-39 and almost 4 times the current rate. This would represent an annual increase of about 8 billion dollars from the present level in terms of 1940 prices.

It has been estimated that an increase of 8 billion dollars in new construction would provide new full-time work for 3,960,000 persons. About 1,880,000 would be employed at construction sites and 2,080,000 would be used in off-site jobs. Such a development of the construction industry would provide a substantial amount of employment for persons leaving the armed forces and jobs in war industries, although many more than this will doubtless be looking for new jobs in the post-war period.

COMMODITY PRICES

During the past year, the prices of most commodities have been unusually stable, largely because of the Government's price-control program. The index of wholesale prices of all commodities for July 1944 was 104.1. ^{2/} This is a fraction of a point below the index for the previous month and 0.9 point above that for July 1943. The extreme range in the monthly index for the past year has been from 102.9 for November 1943 to 104.3 for June 1944 or only 1.4 percent.

^{1/} Federal Reserve Board, 1923-25 = 100.

^{2/} Bureau of Labor Statistics, 1926 = 100.

The index of wholesale prices of farm products for July 1944 was 124.0. This was 1 point below the index for both the previous month and July 1943. Wholesale prices of grains have declined moderately during the past 2 months, but are still substantially above a year ago. On the other hand, livestock and poultry prices have recently advanced somewhat but are below their July 1943 levels. The index of wholesale prices for foods was 105.8 for July 1944. This was slightly lower than the figure for June but above that for any other month since November 1943.

Recent trends in the cost of living in large cities have differed somewhat from those of wholesale prices. The cost of living index for June 1944 was 125.4. ^{1/} This is the highest figure since June 1927. However, it is only slightly above June 1943 and 1 percent above March 1944, when the index reached its lowest point in recent months. The index of food costs for June 1944 was 135.7. This is 4 percent below June 1943 but 1 percent above March 1944.

Nonfood costs have been rising slowly but almost continuously since the middle of 1940. The index for June 1944 at 120.0 was 4 percent above the same month a year earlier. The largest increases in nonfood costs in the past year have been in clothing and housefurnishings. Rents have remained constant and the costs of fuel, electricity, ice, and miscellaneous articles have risen only slightly.

FARM INCOME AND PRICES

Total cash receipts from farm marketings in August are tentatively estimated to be 1,774 million dollars. This is 11 percent above July 1944 receipts and about equal to those of August 1943. Receipts from livestock and livestock products in August were 10 percent below July, but income from crops was up about 37 percent.

Receipts for the first 8 months totaled approximately 12,045 million dollars which was 8 percent greater than for the same period in 1943.

The index of prices received by farmers for August 1944 was about the same as for July. Prices of livestock and livestock products were up while crop prices were down.

The following table presents rough estimates of receipts by commodity groups for January through August 1944 and revised estimates for the corresponding months of 1943.

^{1/} Bureau of Labor Statistics, 1935-39 = 100. The index indicates average changes in retail prices of selected goods, rents and services bought by families of wage earners and lower salaried workers in large cities.

Commodity group	Receipts Jan. through Aug.	
	1943	1944
	Million dollars	Million dollars
Receipts from marketings ..	11,119	12,045
All crops	3,893	4,465
Food grains	555	705
Feed grains and hay ..	622	745
Cotton and cottonseed :	365	360
Oil-bearing crops	266	235
Tobacco	212	245
Vegetables	1,066	1,115
Fruits and nuts	585	790
All livestock	7,226	7,580
Meat animals	3,704	4,010
Dairy products	1,838	2,005
Poultry and eggs	1,484	1,415

Total cash receipts from farm marketings for July were about 1,602 million dollars which was 7 percent greater than for June 1944 and 4 percent above July 1943. The volume of total farm marketings was up somewhat in July as compared with June because of a sharp increase in crop sales. Livestock marketings decreased. The 2 percent drop in prices of all crops was due mostly to the sharp decrease in truck crop prices and to the smaller drop in prices of food grains. Advances in prices of poultry and eggs and dairy products about offset the slight decrease in prices of meat animals so that prices of all livestock products did not change perceptibly.

Total slaughter, under Federal inspection, of all meat animals was not as great in July as in July 1943 because of a sharp drop in hog slaughter. New records were made in numbers of both cattle and calves slaughtered during July. As compared with June, slaughter of hogs was 14 percent less and of sheep and lambs, 5 percent less, while cattle slaughter was 20 percent greater and calf slaughter gained 90 percent.

Milk production in July was 7 percent below June and 1 percent less than in July 1943. Although there was a larger number of milk cows on hand in July than a year earlier, a smaller proportion was milked. Slightly more than 1 percent more laying hens on hand during July produced 2 percent more eggs than in July 1943. Egg production per bird was up by about one-half of 1 percent compared with a year earlier.

COTTON

During the month ended August 15, the 10-market price of Middling 15/16-inch cotton averaged 21.32 cents per pound. This was nearly 1/2 cent lower than during the corresponding period a month earlier and 2/3 cent higher than during the month ended August 15, 1943. The weakness compared with last month is in large part attributable to market reactions to Allied military successes and to favorable crop development.

The August cotton report, forecasts production this year at 11,022,000 bales, 500 pounds gross weight. Indicated yields are above the 1933-42 average in all States except California and the average yield for the United States of 263.5 pounds per acre is 10 pounds higher than in 1943 and 37 pounds above the 10-year average. This production will be from the smallest harvested acreage since 1895.

The carry-over of American cotton in this country on August 1 was 10,609,000 running bales, of which 47,981 bales were new-crop cotton. The indicated supply of American cotton this season will be about 21.6 million bales, including adjustment for city crop. This compares with 21,800,000 bales in 1943-44. In terms of the average consumption during the preceding season, the 1944-45 indicated supply represents about 26 months' domestic consumption, compared with 24 months' consumption represented by the 1943-44 supply. This increase over last season is entirely attributable to the decline in domestic consumption, for, as noted above, the supply is actually smaller this season. Consumption, however, totaled only 9.9 million bales in 1943-44. While it is well over the pre-war record high of just under 8.0 million bales, it is 10 percent under 1942-43 and 11 percent under the record established in 1941-42.

CORN AND OTHER FEED

Demand for feed grains weakened somewhat during July and early August, reflecting, in part at least, uncertainty over new price ceilings. Also, new-crop supplies of oats and barley were being made available. Demand continued active for wheat millfeeds and oilseed meals, with available supplies generally meeting most current needs.

With prospects for a record crop of wheat and better-than-average supplies of other grains, prices of most grains declined after the middle of May. Prices received by farmers for feed grain and hay averaged 168 percent of the 1909-14 level in mid-July, 1 percent below a month earlier, but 11 percent higher than in July 1943. On July 15, 1944, prices received for oats and barley were down about 2 cents per bushel from a month earlier. Grain sorghums were down about 4 cents per hundred pounds, but corn prices were up 2 cents per bushel during that month -- about half the usual seasonal rise. Hay prices declined more than seasonally during the month, averaging \$13.90 per ton compared with \$15.00 a month earlier. The decline in oats and barley prices reflected seasonal factors as well as the announcement earlier in the year that Office of Price Administration revised maximum prices were forthcoming. Prices of byproduct feeds remained firmly at ceiling levels.

Ceiling prices for oats and barley were revised downward by the Office of Price Administration in late July, with the new oats ceiling prices becoming effective July 26, and the new barley ceiling prices becoming effective August 1. The reductions in ceiling prices at all levels are estimated to have amounted to about 5 cents per bushel on oats and about 3 cents per bushel on barley in production areas. The new ceilings will reflect parity prices to producers during the 1944-45 crop year.

The prospective supply of corn, oats, barley, and grain sorghums as of August 1, 1944, was 6 percent smaller than the 1943-44 supply. With a prospective 13 to 15 percent decrease in grain-consuming animals on farms next January 1 from a year earlier, the supply of feed grains per animal unit would be about 9 percent larger than last year, but 5 percent smaller than the 1938-42 average, when supplies were relatively large per unit of livestock. Supplies of high-protein feeds for 1944-45 are expected to be slightly smaller in total than last year, but probably a little larger per animal unit on farms next January 1.

WHEAT

Wheat prices on August 17 were generally 2 to 6 cents below a month earlier, at or close to the level at which the Commodity Credit Corporation is purchasing, and 11 to 17 cents under present wheat price ceilings.

Prices of No. 2 Hard Winter at Kansas City (\$1.49) and No. 2 Red Winter at St. Louis (\$1.55) were down 2 and 3 cents, respectively, in the month, and No. 1 Dark Northern Spring at Minneapolis (\$1.53) where the harvest and market movement is later, was off 6 cents. The price of No. 1 Soft White at Portland (\$1.44) was off 4 cents. Ordinarily the seasonal low is reached at about this time of the year, and were it not for the Commodity Credit Corporation purchase program, prices would undoubtedly be lower. As it is, prices are at about the purchase level in Portland and only slightly above at Kansas City, St. Louis, and Minneapolis. After the harvest movement is over, the heavy demand for non-food as well as food uses is expected to be an important price-strengthening factor. Also, large quantities are expected to be held off the market under the loan program.

The general purchase level of the Commodity Credit Corporation is figured at 2 cents under the loan rate of 90 percent of parity; 1 cent under is the scheduled purchase price and the other cent is for the elevator charge for in-and-out loading, which must be paid by the seller because the purchase price is on an in-store basis. No premium is paid by the Corporation for protein. From the beginning of the purchase program on July 5 through August 15, purchases totaled 49 million bushels, consisting of 40 million in the Kansas City area, and 3 million each in the Chicago, Minneapolis, and Portland areas.

The domestic wheat supply for the 1944-45 year is now indicated at about 1,148 million bushels, consisting of a July 1, 1944 carry-over of old wheat of 316 million bushels and a crop indicated on August 1 at 1,132 million bushels. The quantities used for food, seed, and alcohol are expected to be slightly larger than the 543, 79, and 108 million bushels used in 1943-44. The quantity for alcohol will depend upon the progress and needs of the war. Feed may take 250 to 300 million bushels, depending on the outcome of the corn crop. The amount of our exports is uncertain at this time. Imports will be sharply below last year. Considering the situation in general, stocks July 1, 1945 may not be much different from the 316 million bushels July 1, 1944. The carry-over in 1932-41 averaged 235 million bushels, in 1942 it was 632 million and in 1943 was 622 million.

FATS, OILS, AND OILSEEDS

With hog slaughter and lard production materially reduced in July, lard prices strengthened at the end of the month and in early August. On August 11 the quotation for lard in tank-car lots, Chicago, was 12.3 cents per pound, 0.9 cent per pound higher than in mid-July but 0.5 cent per pound below the ceiling. Prices of grease also increased in early August, with all grades now at ceilings. With minor exceptions, prices of fats and oils other than grease and lard remained unchanged in July, at or near ceiling levels. The index number of wholesale prices of 27 major fats and oils in July stood at 107 percent of the 1924-29 average, the same as a month earlier and 1 point less than a year earlier.

Stocks of fats and oils increased contraseasonally during the April-June quarter this year, mainly as a result of an unusually large production of lard, inedible tallow and greases, and linseed oil. Factory and warehouse stocks of primary fats and oils on July 1 totaled 2,713 million pounds, 53 million pounds more than on April 1 and about 600 million pounds more than on July 1, 1943. On October 1 this year, the seasonal low point, stocks of fats and oils may be 2.5 billion pounds or more compared with approximately 1.9 billion pounds on October 1 last year. This increase in stocks will only partly offset the anticipated decrease of roughly 1.5 billion pounds in 1944-45 in output of fats and oils from domestic materials.

Mid-July prices received by farmers for oilseeds averaged about the same as in mid-June. The average price for soybeans, at \$1.91 per bushel, was 2 cents less than in mid-June, when some soybeans were still being sold for seed. Flaxseed, at \$2.85 per bushel, averaged the same as a month earlier. Peanut prices declined slightly, with the midmonth average at 7.75 cents per pound, and cottonseed prices increased slightly to an average of \$53 per ton. The July movement of old-crop flaxseed to terminal markets was unusually heavy for the season. Farmers' sales of the other oilseeds were seasonally small.

LIVESTOCK AND MEATS

An all-time record meat production -- possibly 25 billion pounds of dressed meat -- is in prospect for this year. This would be 4 percent larger than the record total meat output in 1943. Noncivilian claimants probably will get more than 1/4 of this year's production so that average civilian consumption probably will be about 143 pounds per capita (dressed meat) for the year. This would be the greatest average per capita consumption for any year since 1934 and would be slightly more than in 1941 and 1942, and 6 pounds more than estimated consumption in 1943.

Despite the prospect of record meat production during the year, prices for livestock now are at comparatively high levels and prospects are for continuing high prices as long as military and other noncivilian requirements are large and consumer incomes continue at wartime levels.

Prices for support-weight hogs advanced from support levels at Chicago during the first week in July. 1/ Prices continued to advance during the

1/ Good and Choice barrows and gilts, 180-270 pounds.

month so that at the first of August for practically all classes and grades they were at ceilings. Hog prices are expected to be maintained at ceilings throughout the rest of the summer and early fall, and probably will average above last year's levels throughout the winter. Federally inspected hog slaughter during July was 14 percent below that of a year earlier (in comparable plants), and August slaughter will be materially less than that of August 1943. These were the first months this year that federally inspected hog slaughter was smaller than in the corresponding months of 1943. The hog kill in September may be slightly larger than in August and slaughter will increase throughout October-December. However, during the last quarter of the year slaughter may be at least 15 percent smaller than the near-record slaughter in the last quarter of 1943 and at least 10 percent smaller than the record slaughter in January-March 1944. Smaller hog slaughter this fall and winter will result from the large reduction in the spring pig crop this year from that of a year earlier.

Early August prices for Prime and Choice steers reached new highs for the month since August 1937. Good steers brought the highest prices in at least 22 years. Prices for Medium grade slaughter steers were 25 to 50 cents per hundredweight higher than at this time last year. However, except for Medium and Good cows, prices for slaughter cattle grading below Medium and all grades of stockers and feeders were lower than in early August last year. For the week ended August 11 the average price for stocker and feeder steers at Kansas City was \$11.59 compared with \$10.34 a month earlier and \$12.42 a year earlier. During the same week at Chicago the average price for Medium grade slaughter steers was \$14.17 compared with \$14.17 a month earlier and \$13.93 a year earlier. Prices for well-finished cattle probably will be maintained at or near present levels throughout the remainder of the year. Prices of low-grade slaughter cattle and feeders probably will remain lower than last year, principally because of a larger market movement, with the result that the average price received by producers for all cattle will be lower during the remainder of this year than last. Cattle slaughter in federally inspected plants in July, totaling 1.1 million head, was 20 percent larger than in July 1943 but was 14 percent less than in July 1942 (excluding slaughter in new plants). August cattle slaughter probably will exceed that of July and the 1.1 million head slaughtered in August 1943. Slaughter is expected to be seasonally larger in September and October, but in November and December probably will decline somewhat. However, throughout September-December slaughter probably will exceed that of a year earlier.

Good and Choice spring lambs at Chicago averaged \$14.48 during the week ended August 12 compared with \$14.72 for the corresponding week in July, and \$13.78 for the corresponding week last year. During the same week prices for Good and Choice ewes averaged \$5.40, about 70 cents lower than a month earlier and about \$1.35 less than a year earlier. A 5-1/2 percent smaller lamb crop for 1944 and a probable improved outlet for feeder lambs this fall than a year earlier indicates that lamb prices may be higher than in 1943 during the last 4 months of 1944. Lower prices for ewes this year than last are the result of lower prices for sheep skins, a principal byproduct from sheep slaughter; larger slaughter of mature sheep; and smaller WFA purchases of mutton.

WOOL

Because farmers have less wool to sell this year than last, farm income from wool will be smaller than the 1943 record income of 160 million dollars. The average price to growers for the entire year probably will not differ much from the 1943 average price of 41.6 cents a pound. In June and July, which were months of heavy marketing this year, prices averaged a cent a pound higher than last year.

United States shorn wool production in 1944 is estimated at 355 million pounds. This compares with 384 million pounds last year, a 1938-42 average of 376 million pounds and probably will be the smallest since 1936. The reduction of 8 percent in 1944 compared with 1943 is largely the result of a 7 percent decline in the number of sheep shorn. The average fleece weight, however, also was slightly smaller -- 7.85 pounds this year compared with 7.91 last year. Wool from many of the Western States is reported to carry less dirt than usual and the average shrinkage of the 1944 clip may be smaller than that of the 1943 clip. These estimates do not include the production of pulled wool from the pelts of slaughtered sheep and lambs. Slaughter of sheep and lambs this year is expected to be smaller than last year but because of reduced demand and lower prices for shearlings a larger percentage of pelts probably will be pulled this year. Hence, production of pulled wool may equal or exceed last year's production of 64 million pounds.

Mill consumption of apparel wool in the first 6 months of 1944 (24 percent domestic) was only slightly smaller than the record consumption of 311 million pounds (39 percent domestic) in the first half of last year compared with a pre-war 6-months average of 133 million pounds (77 percent domestic). New Army orders for military and relief fabrics together with unfilled orders for civilian goods have resulted in an increase in consumption over the last half of 1943. Unless Government contracts are cancelled (in the event the European war ends) consumption for the entire year 1944 may equal or exceed last year's record consumption of 592 million pounds. Although consumption is at a record level, stocks of domestic wool are accumulating because of the small proportion of such wool in the total consumption.

DAIRY PRODUCTS

For the next few months, potential demand for most dairy products probably will continue to exceed available supplies so that prices of dairy products will continue at or close to ceiling levels. Supplies of fluid milk, fluid cream and milk byproducts will be curtailed by seasonally declining production and limitations on dealers' sales set by War Food Order 79. However, per capita civilian consumption of fluid milk in the last half of 1944 is expected to be about the same as the record high in the same period last year.

The index number of prices received by farmers for dairy products in mid-July was 194, the highest mid-July level recorded in 35 years. Prices received by farmers for whole milk sold at wholesale in the next 5 months probably will continue above last year. Butterfat prices also are likely to be higher. These expected higher prices for wholesale milk and butterfat, accompanied by increased dairy production payments beginning September 1, probably will result in milk- and butterfat-feed ratios continuing more favorable for dairy production than for other livestock enterprises.

Milk production on farms for the first 7 months of 1944 totaled 73.3 billion pounds, which is slightly below production for the same period last year. Despite poor pasture conditions compared with last year, July milk production was estimated at 11.6 billion pounds, only 1 percent below that of July 1943.

Production trends of principal manufactured dairy products for the remainder of 1944 appear to be mixed. Creamery butter output probably will continue to lag behind that of last year. The quantity of evaporated milk and American cheddar cheese produced in August-December, 1944, may exceed that of the previous year. War Food Order 92 limits the production of cheeses other than cheddar to that produced in corresponding months of 1942. The manufacture of dried milks, both dried whole milk and nonfat dry milk solids for human consumption, may continue in 1944 to exceed production of corresponding months of 1943.

POULTRY AND EGGS

The average price received by farmers for eggs in mid-July -- 31.2 cents per dozen -- showed the usual seasonal increase for the 30-day period ending July 15. Since mid-July, however, wholesale egg prices have changed very little, and are below ceiling levels. Lower grades were mostly unchanged while top grades increased moderately. High consumer incomes will create a strong demand for top grade eggs which will keep prices for those eggs at or close to ceiling levels. Record-storage stocks may result in plentiful supplies of grade B and C eggs, for the next 4 months, and wholesale and retail prices for these grades are expected to remain below ceiling prices.

Increases in egg prices in early July caused a decline in farm marketings of heavy fowl, and wholesale prices during August were strong. However, prices of lighter stock showed moderate declines during the past month. Marketings of poultry will increase seasonally for the next few months and may be ahead of last year. Prospective smaller civilian supplies of red meats this fall and winter than last year may cause demand for poultry to remain strong, and result in prices of dressed poultry at or close to ceilings. In some instances, however, because of manpower and transportation difficulties, live poultry prices at times may decline below ceiling levels.

Turkey production is estimated at 33 million birds or 480 million pounds dressed weight. This is slightly above the 1943 production. Civilian supplies, however, are expected to be 8 to 10 percent short of last year because of increased military demands. War Food Order 106, effective July 17, requires the set-aside of all turkeys produced and marketed in designated areas until military requirements are fulfilled. Potential civilian demand probably will exceed available supplies and prices are expected to remain at ceiling levels.

FRUIT

The level of prices received by farmers for fresh fruit in July 1944 was slightly higher than a year earlier and more than twice as high as the 5-year (1935-39) average, notwithstanding greatly increased supplies of deciduous fruits this year over last. The level of prices in July also was slightly higher than in June.

Wholesale prices for fresh fruits generally were at relatively high levels during late July and early August, although the prices for peaches, pears, and grapes declined considerably as increased supplies were marketed. Prices for other fruits remained fairly steady. Prices for important fruits on the New York City auction for the week ended August 11, 1944, compared with prices for the week ended August 13, 1943, are as follows: Lambert cherries, \$3.32 per lug, a decrease of 75 cents; Red Malaga grapes, \$5.30 per lug, a decrease of \$1.44; Bartlett pears, \$4.83 per box, an increase of 8 cents; California Valencia oranges, \$5.84 per box, an increase of 38 cents; and California lemons, \$6.79; a decrease of 16 cents.

Seasonal declines in prices for apples, peaches, pears, and grapes during August and early September seem probable as increasing quantities of these fruits are marketed. Prices for citrus fruits, however, are expected to continue at or near ceiling levels as supplies decline seasonally.

Growing conditions for fruit crops were generally favorable during July, leading to increases in the prospective production of commercial apples and grapes. A commercial apple crop of 125,643,000 bushels now is in prospect, a crop 41 percent larger than the very short crop last year and 3 percent larger than the 9-year (1934-42) average. Production of grapes in 1944 is now indicated at 2,722,150 tons, which is 8 percent less than the record large crop last year but 15 percent larger than the 10-year (1933-42) average. The aggregate tonnage of the eight major deciduous fruits -- apples, pears, peaches, apricots, cherries, plums, prunes, and grapes -- is expected to be about 21 percent larger in 1944 than in 1943.

The 1944-45 crop of citrus fruit, based on August 1 condition, is expected to be as large as or larger than the record 1943-44 crop.

Civilian per capita supplies of fresh deciduous fruits from the 1944 crops are expected to be 20 to 25 percent larger than comparable supplies last season. Although the commercial pack of canned fruit of the 1944-45 season is expected to be considerably larger than the pack of 1943-44, civilian per capita supplies are expected to be slightly smaller this season than last. This prospective decrease for civilians is predicated on present estimates of increased requirements for military, lend-lease, and other noncivilian purposes. However, if smaller quantities than now estimated are actually taken for noncivilian purposes, civilians should receive correspondingly more.

TRUCK CROPS

There was a definite downward movement in prices received by farmers for truck crops for fresh market shipment during the first half of July. The index of prices received was 195 (1935-39 = 100) for the first half of July, while the index in June was 231. Prices for July of this year are also indicated to be lower than July 1943, when the index was 220. The decrease from June to July of this year reflects both the seasonal downward movement usual at this time of year and the increased market supplies of truck crops available this summer compared with a year earlier.

It seems probable that some further downward movement of truck-crop prices will occur during August. For the second week of August, the weighted

average price of 14 fresh market vegetables on the New York City wholesale market was 15 percent lower than for the second week of July, and 18 percent lower than a year earlier. Vegetables which were lower in price during the first week of August than a year earlier included beets, broccoli, cantaloups, cauliflower, celery, eggplant, lettuce, onions, peas, and peppers. Higher prices than a year earlier prevailed for lima beans, snap beans, cabbage, green corn, and tomatoes.

Continued large supplies of vegetables are expected during the summer months. The aggregate tonnage of summer truck crops is expected to be about one-fifth larger than a year earlier. While severe droughts have occurred in several areas, resulting in lower yields per acre for some truck crops, improved prospects for other crops have increased the estimate for the total summer crops by 8 percent on August 1 compared with the July 1 estimate.

Truck crops for fresh market shipment which, during the summer months, should continue in a larger supply than a year earlier include onions, lettuce, watermelons, cantaloups, cucumbers, honeydew melons, and green peas. Fresh market vegetables which probably will be in smaller supply than a year earlier include tomatoes, sweet corn, carrots, beets, and snap beans.

The 1944 supply of truck crops for processing is expected to be slightly larger than in 1943. The production of the "big four", tomatoes, peas, sweet corn, and snap beans -- which together represented about 90 percent of the total tonnage of 11 truck crops for processing in 1943 -- is indicated to be 13 percent larger in 1944 than in 1943. The largest part of the increase is in tomatoes, the 1944 production of which was indicated on August 1 to be 3.2 million tons compared with 2.7 million tons in 1943. The production of sweet corn for processing is expected to be about 5 percent larger this year than last. The production of green peas and snap beans is indicated to be down slightly from last year. Since August 1, the hot dry weather that has prevailed in some of the producing areas may result in some deterioration in yields.

POTATOES AND SWEET POTATOES

The price received by farmers for potatoes on July 15 of this year averaged \$1.38 per bushel, 13 cents more than the June 15 price. Since the third week of July, potato prices have advanced, reflecting the smaller supplies and curtailment of production in some of the areas which harvest at this time of year.

The wholesale price of New Jersey Cobbler potatoes on the New York City market advanced from \$3.04 per 100 pounds for the week ended July 22 to \$3.96 per 100 pounds for the week ended August 5. For the same period of time, Missouri Cobblers on the Chicago wholesale market advanced from \$2.46 to \$3.08 per 100 pounds. The f.o.b. price of U. S. No. 1 Cobblers at central New Jersey points increased from \$2.99 per 100 pounds for the week ended July 29 to \$3.79 for the week ended August 5.

Owing to the lower yields caused by drought in certain of the intermediate potato producing States, OPA maximum ceiling prices were increased 90 cents per 100 pounds for the month of August for a number of States. It is

probable that prices for potatoes in August in some areas will tend to approximate these ceilings because of the sharp curtailment in supplies.

Potato production in the intermediate group of States was estimated on the basis of August 1 conditions to total 22.4 million bushels or 33 percent less than the 34.8 million bushel 1943 crop. This 1944 crop is 28 percent less than the 10-year (1933-42) average production.

The August 1 estimate for the total 1944 potato crop was 385 million bushels compared with the July 1 estimate of 399 million bushels. This would be 17 percent less than the 1943 crop but 6 percent more than the 10-year average. The 30 late States, which supply the larger part of the requirements for potatoes during the fall and winter, have an estimated crop of 308.7 million bushels, and this is 18 percent less than last year's crop, but 7 percent more than the 10-year average. While the total crop for 1944 would give a total supply larger than the 10-year average, on the basis of existing requirements for military and other noncivilian consumption the per capita supply of potatoes for fresh consumption by civilians during the 12 months that began July 1, 1944, would be about 10 to 15 percent less than a year earlier and 5 to 10 percent less than the 5-year (1935-36 to 1939-40) average.

The 1944 crop of sweetpotatoes is now moving to market at prices lower than prevailed a year earlier. For the week ended August 5, sweetpotatoes from Florida sold for an average of \$3.86 per bushel on the New York wholesale market compared with a price of \$5.12 per bushel for the corresponding week a year earlier. Sweetpotato prices can be expected to decline with the seasonal increase in volume of marketings. OPA maximum prices f.o.b. shipping point have been established in Amendment 40 to Maximum Price Regulation 426 for four zones or groups of States. The prices vary for different periods of time, reflecting seasonal variation from the effective date of the Order, July 15, 1944, through June of 1945.

The total 1944 crop, according to August 1 estimates, is placed at 65.2 million bushels, which is 10 percent less than in 1943 and 3 percent below the 10-year average production. Sweetpotato production in some commercial shipping States is expected to be larger than a year ago. The production for the three States of New Jersey, Maryland, and Virginia is estimated to be about one-third larger than in 1943. The combined crop for Louisiana and Texas, on the other hand, will be about one-fifth less than last year.

DRY EDIBLE BEANS AND PEAS

Prices received by farmers for dry edible beans on July 15 averaged \$6.13 per 100 pounds, continuing to reflect the support-price program. The 1944 crop on the basis of conditions existing on August 1 was estimated at 19,754,000 bags (100 pounds, uncleaned), which is about 6 percent smaller than the 1943 crop but 30 percent larger than the 10-year (1933-42) average.

The maximum price for dry edible beans has been increased through Amendment 3 to Second Revised Maximum Price Regulation No. 270. The increase, effective August 3, amounted to 40 cents per hundred pounds and represents the amount necessary to meet the increase in parity. This increase was divided

with 25 cents per 100 pounds being added to the former f.o.b. prices and 15 cents representing a margin for the first handler or dealer.

Prices received by farmers for dry field peas on July 15, 1944, \$4.85 per 100 pounds, were at the approximate support-price level. The 1944 crop of dry field peas is estimated at approximately 9,226,000 bags (100 pounds, uncleaned) or 15 percent less than the 1943 crop but nearly three times as large as the 10-year (1933-42) average.

TOBACCO

The 1944-45 flue-cured marketing season began July 31 with the opening of the Georgia-Florida markets. Prices for most grades were lower than last year and the average price somewhat below the 39-cent ceiling for untied tobacco. Through August 11, approximately 70 million pounds were sold at an average of 37.9 cents per pound compared with 41.5 cents during the corresponding period last year and a 1943 season average price of 38.5 cents. Because of the strong demand the range in prices between the better and lower grades of tobacco are exceptionally narrow. The Border markets (type 13) opened August 8 with a strong demand for practically all grades, and prices were higher than on the opening day last year. Through August 10 total sales on these markets amounted to 10 million pounds at an average of almost 43 cents per pound, compared with about 41 cents for the corresponding period last season.

About 87 percent of the estimated 1943 crop of Maryland tobacco (type 32) has been sold on the 4 auction markets at an average price of 46.3 cents per pound. This compares with a season average of 56 cents for the 1942 crop. The 1943 crop was one of the smallest on record and exceptionally poor in quality. Demand for better grades, therefore, has been strong and prices of such grades have been at the established ceiling of 62 cents per pound throughout the season. However, because of the large percentage of poor quality leaf, the price of which was lower, the average price so far this season is well below the previous season's average.

In general, the outlook for tobacco during the next year or so is favorable, in view of the continued strong demand for leaf tobacco and the high level of consumption of tobacco products, particularly cigarettes. Stocks of aged tobacco are below normal in relation to demand, but with the large 1944 crop (now placed at 1,616 million pounds), the supply for the 1944-45 season is about the same as last year. Because of the high level of cigarette consumption and exports, the shortest stocks are in flue-cured and burley, but the 1944 crops of these types are larger compared to previous years than is true of other tobaccos.

ECONOMIC TRENDS AFFECTING AGRICULTURE

Item	Unit or base period	1943			1944		
		Year	July	Apr.	May	June	July
Industrial Production <u>1/</u>	: 1935-39	:	:	:	:	:	:
Total	: = 100	: 239	240	239	237	235	233
All manufactures	: "	: 258	259	256	253	252	249
Durable goods	: "	: 360	360	361	357	354	350
Nondurable goods	: "	: 176	177	172	169	169	168
Minerals	: "	: 132	134	140	143	142	140
Construction activity <u>1/</u>	: 1935-39	:	:	:	:	:	:
Contracts, total	: = 100	: 123	105	63	57	59	68
Contracts, residential	: "	: 98	88	42	39	37	34
Wholesale prices <u>2/</u>	: 1935-39	:	:	:	:	:	:
All commodities	: = 100	: 128	128	129	129	129	129
All commodities except farm and food	: "	: 119	119	121	121	121	121
Farm products	: "	: 161	164	162	162	165	163
Food	: "	: 135	136	133	133	135	134
Prices received and paid by farmers <u>3/</u>	: 1910-14	:	:	:	:	:	:
	: = 100	:	:	:	:	:	:
Prices received, all prod.	: "	: 193	193	196	194	193	192
Prices paid, int. and taxes	: "	: 162	164	169	169	170	170
Parity ratio	: "	: 119	118	116	115	114	113
Consumer expenditures <u>4/</u>	: 1935-39	:	:	:	:	:	:
Total	: = 100	: 155	155	---	---	---	---
Cost of living <u>5/</u>	: 1935-39	:	:	:	:	:	:
Total	: = 100	: 124	124	125	125	125	126
Food	: "	: 138	139	135	136	136	137
Nonfood	: "	: 116	116	119	120	120	120
Income	: 1935-39	:	:	:	:	:	:
Nonagricultural payments <u>4/</u>	: = 100	: 207	209	225	226	227	---
Cash farm <u>3/</u>	: "	: 242					
Income of Industrial Workers <u>5/</u>	: 1935-39	: 305	306	313	313	314	---
Factory payrolls	: = 100	: 337	336	339	338	339	---
Weekly earnings of factory workers <u>5/</u>	: Dollars	:	:	:	:	:	:
All manufacturing	: "	: 43.16	42.76	45.56	46.03	46.28	---
Durable goods	: "	: 49.32	48.76	51.68	51.90	52.16	---
Nondurable goods	: "	: 34.12	34.01	36.17	37.08	37.36	---
Employment	:	:	:	:	:	:	:
Total civilian <u>6/</u>	: Million	: 52.5	54.8	52.1	52.3	54.2	55.0
Employees in nonagri. est. <u>5/</u>	: Thous.	: 39,677	39,921	38,692	38,684	38,743	38,607
Farm <u>3/</u>	: "	: 10,263	11,749	9,080	10,068	11,285	11,355
Government finance (Federal) <u>7/</u>	: Mil. Dol.	:	:	:	:	:	:
Receipts, net	: "	: 2,879	2,007	3,087	2,950	6,247	2,163
Expenditures	: "	: 7,340	7,112	7,859	8,292	8,625	8,110

Sources: 1/ Federal Reserve Board; converted to a 1935-39 base. 2/ U. S. Dept. of Labor, B.L.S. 3/ U. S. Dept. of Agriculture, B.A.E. To convert prices received and prices paid, interest and taxes to 1935-39 base, multiply by .93110 and .77640 respectively. 4/ U. S. Dept. of Commerce. 5/ U. S. Dept. of Labor, B.L.S. 6/ U. S. Dept. of Commerce, Bureau of the Census. 7/ U. S. Dept. of Treasury. Data for 1943 are on average monthly basis.

